



United States Department of Agriculture  
Risk Management Agency

December 2008

## 2009 COMMODITY INSURANCE FACT SHEET

# Flue-Cured Tobacco

Alabama, Florida, Georgia, South Carolina

### Crop Insured

The crop insured will be all the tobacco in which you have a share, in the county for which a premium rate is provided in the actuarial documents. The policy only insures flue-cured type 13 in South Carolina and flue-cured type 14 in Alabama, Florida, and Georgia.

### Counties Available

Please contact your insurance agent for a listing of eligible counties.

### Causes of Loss

Adverse weather conditions  
Earthquake  
Failure of irrigation water supply<sup>1</sup>  
Fire  
Insects<sup>2</sup>  
Plant disease<sup>3</sup>  
Volcanic eruption  
Wildlife

<sup>1</sup>If caused by an insured peril during the insurance period.  
<sup>2</sup>But not damage due to insufficient or improper application of pest control measures. <sup>3</sup>But not damage due to insufficient or improper application of disease control measures.

### Insurance Period

Coverage begins at transplanting and ends at the earliest of:

- 1) total destruction of the crop on the unit,
- 2) weighing-in at the tobacco warehouse,
- 3) removal of the tobacco from the field where grown (except for curing, grading, packing, or immediate delivery to the tobacco warehouse),
- 4) final adjustment of a claim, or
- 5) calendar date shown below by type:  
Type 13.....October 31  
Type 14.....October 15.

### Reporting Requirements

**Acreage Report**—You must timely report all acres of your crop and any carryover tobacco from previous years.

**Notice of Loss**— (1) Protect the crop from further damage by providing sufficient care; (2) notify your agent within 72 hours of your initial discovery of damage; (3) leave representative samples at least two rows wide and extending the length of the field intact for each field of the damaged unit; and (4) leave all tobacco stalks and stubble intact until the earlier of the company’s written consent to destroy them or 30 days after the end of the insurance period.

**Production Report**—A production report for the previous crop year is due the earlier of the acreage reporting date or 45 days after the cancellation date unless otherwise stated in the special provisions.

### Important Dates

Sales Closing.....	February 28
Final Planting:	
Type 13.....	May 15
Type 14.....	April 30
Acreage Reporting.....	June 1
Premium Billing.....	October 1
Cancellation/Termination.....	March 15

### Definitions

**Price Election**— The price per pound announced by FCIC each year. Price elections are posted on the RMA Web site at:

<http://www3.rma.usda.gov/apps/pricesinquiry/>

**Production Guarantee**— Number of pounds guaranteed determined by multiplying your approved actual production history (APH) yield times the coverage level percentage you elect times your planted acres.

## Coverage Levels and Premium Subsidies

Coverage levels range from 50 to 75 percent of your approved APH yield. For example, an approved APH yield of 2,000 pounds per acre would result in a guarantee of 1,500 pounds per acre at the 75-percent coverage level. Crop insurance premiums are subsidized as shown in the following table. For example, if you select the 75-percent coverage level, your premium share would be 45 percent of the base premium.

Coverage Level %	50	55	60	65	70	75
Premium Subsidy %	67	64	64	59	59	55
Your Premium Share %	33	36	36	41	41	45

Catastrophic (CAT) coverage is fixed at 50 percent of your average yield and 55 percent of the price election. CAT is 100 percent subsidized with no premium cost to you. There is, however, an administrative fee of \$300 per crop per county, regardless of the acreage.

## Insurance Units

Your insurable acreage is grouped into a unit based on one of the following unit arrangements.

**Basic Units:** A basic insurance unit includes all of your tobacco acreage in the county in which you have 100-percent share and includes any cash-rented land. If you also grew tobacco on shares with another entity, that acreage would be a separate basic unit. Premiums are reduced by 10 percent if you insure under basic units.

**Optional Units:** If a basic unit consists of two or more farm serial numbers (FSN) and certain record-keeping criteria are met, you may select optional units by FSN. The 10-percent basic unit premium discount will not apply.

## Late Planting

For any insured acreage initially planted after the final planting date (FPD), the production guarantee per acre will be reduced as follows:

- (1) One percent for the 1st through the 10th day after the FPD; and
- (2) Two percent for the 11th through the 15th day after the FPD.

## Prevented Planting

Prevented planting provisions do not apply.

## Loss Example

This example is based on 65-percent coverage level, and assumes an average yield of 2050 pounds per acre, price election of \$1.85, 400 pounds of production due to an insured cause of loss, and a one-acre basic units.

2050	Pounds per acre average yield
<u>x .65</u>	Coverage level percentage
1333	Pounds per acre guarantee
<u>- 400</u>	Pounds per acre actual production
933	Pounds per acre loss
<u>x \$1.85</u>	Price election
<b>\$1,726</b>	<b>Indemnity per acre</b>

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